as H3>H2>H1. The pellets in the receiving bin 516 is supplied onto the rotary bed 512 after passing through intervals of H3, H2, and H1 which becomes sequentially smaller.

IN THE CLAIMS

A clean copy of the claims incorporating any amendment is shown below.

Please amend Claims 4 and 5, and add new Claims 23-25 as follows:

4. (Amended) A method of producing reduced iron pellets comprising:

reducing raw material pellets to obtain reduced iron pellets; and

rolling the reduced iron pellets at a temperature ranging between 800 and 1200°C sufficiently such that the reduced iron pellets undergo sintering.

5. (Amended) A method of producing reduced iron pellets according to claim 4, wherein said rolling step comprises rolling of the reduced iron pellets for more than 3 minutes and less than 20 minutes.

23. (New) A method of producing reduced iron pellets according to claim 4, wherein the raw material pellets are obtained by pelletizing a mixture of an iron oxide powder and a carbonaceous material powder.

24. (New) A method of producing reduced iron pellets according to claim 4, further comprising first cooling the reduced iron pellets at least down to 600°C and then further cooling the reduced iron pellets at least down to a range between 233 and 100°C.

25. (New) A method of producing reduced iron pellets according to claim 4, further comprising providing a rotary cylinder having a heat retaining rolling portion positioned to receive the reduced iron pellets from a direct reducing furnace for reducing the raw material pellets.